



An everyday
explanation
of healthcare
legislation.

WageWorks
everyone benefits®



This is complex information. So it's good to have a confident Consumer-Directed Benefits company.

Healthcare and Consumer-Directed-Benefits legislation is not only extraordinarily complex, it's remarkably volatile. The rules are always changing. Add to this the promises, proposals and chest-puffing coming out of Washington, and it's all but impossible to stay on top of what's actually happening.

Unless you're working with WageWorks.



Our leaders fight to preserve and expand the strengths of your Consumer-Directed Benefits—educating legislators on the scope and impact of the benefits themselves, as well as the tax advantages they offer.



We simplify and demystify ongoing policy conversations and upcoming policy changes, so you can prepare your program accordingly and plan for the future.

The following are five key pieces of legislation to be aware of right now—and a simple explanation of each.

The Chronic Disease Management Act

Keeping costs under control by keeping disease under control.

Originally introduced in 2018, the Chronic Disease Management Act (CDMA) is designed to do two things: amend the IRS code, and with those tax changes in place, pave the way for high-deductible health plans (those with HSAs) to cover chronic-disease prevention and treatment costs—on a pre-deductible basis.

This, in turn, will do three things:

- 1 Provide financial relief and improved health for those with chronic diseases.
- 2 Drive down overall healthcare costs by supporting medication adherence—ultimately reducing complications and decreasing emergency room visits.
- 3 Improve employee productivity and morale.

Why does it matter?

Approximately half of all Americans have at least one chronic condition. A quarter suffer from two or more. As you can imagine, the cost of managing these conditions is extremely high, bringing financial burdens to millions of families.

Studies show, in fact, that chronic conditions account for \$.86 of every dollar spent on healthcare. And without appropriate management, they can severely and negatively impact health and quality of life.



Ultimately, The CDMA would provide millions of Americans an option that's better for both their clinical and financial health. And that's what we're pushing for.



The Cadillac Tax

A tax we'd like to help you avoid.

Originally passed as part of the Affordable Care Act but not yet enacted, the Cadillac Tax is an excise tax on employee-sponsored health benefits that exceed a certain threshold. That threshold is expected to be \$10,200 for single coverage and \$27,500 for family coverage when the tax takes effect in 2022 (\$11,850 and \$30,950 for qualified retirees and those in high-risk professions).

Living up to its name, the Cadillac Tax will equal 40% of the value of the health benefits exceeding those thresholds.

Furthermore, those thresholds will be:

- Indexed to growth in the consumer price index in subsequent years to help moderate the effect of the excise tax over time.
- Higher for plans with more-expensive-than-average demographics—that means retirees age 55 to 64 and workers in high-risk professions. However, regulations are supposed to be issued to account for these variations, so the tax won't be as onerous.
- Applied to contributions paid by both the employer and employees for:
 - Health insurance premiums.
 - Health saving accounts.
 - Health reimbursement arrangements.
 - Medical flexible spending accounts.



The Cadillac Tax could have significant impact on your employees, but we—along with our industry peers and other employers—are working to ensure the best possible outcome for your company and the people who work there.

The HSA Improvement Act

Making a great savings-and-spending plan absolutely outstanding.

Designed to enhance HSAs in a variety of ways, the bipartisan HSA Improvement Act, which was introduced in 2018, will help expand access, increase benefit flexibility, promote wellness and strengthen innovation.

In simplest terms, the bill:

- Allows an employee to contribute to an HSA even if his or her spouse has a health flexible spending account.
- Permits the use of HSA dollars toward wellness benefits, including exercise and the other expenses of physical activity.
- Clarifies that employers can offer “excepted benefits,” like telehealth and second-opinion services, to employees with an HSA plan.
- Allows HSA plans to offer pre-deductible coverage for services and medications designed to manage chronic conditions.
- Makes technical changes to correct the definition of “dependents” to include children up to age 26 and fix the prohibition on a spouse making catch-up contributions to the same HSA.



If passed, this bill will expand and modernize HSA policies, making it easier for people to manage their physical and financial health.



One thing that's not in dispute—even in government—is the skyrocketing cost of daycare. This bipartisan bill could help make it more affordable by dramatically increasing the amount of tax-free dollars families can set aside for expenses like childcare, summer day camp, after-school programs and adult-care services.

Under current law, families can put up to \$5,000 of pretax income into Dependent Care Flexible Spending Accounts (FSAs)—a limit that has not been changed since 1986. The Family Savings for Kids and Seniors Act would adjust this limit significantly to account for inflation, allowing families to set aside \$11,300 of pretax income to cover dependent care.

By expanding the FSA, this bill targets families who may be struggling with the rising costs of child- and dependent-care, but who may not currently qualify for certain federal aid programs or childcare subsidies. In simple terms, it helps parents and other caregivers afford childcare regardless of income level or location.

The Family Savings for Kids and Seniors Act

Doubling the pretax money families can save for dependent care.

\$11,300 of pretax savings goes a lot further than \$5,000 of pretax savings, and it puts considerably more money back in parents' pockets. So we're backing it.



The Restoring Access to Medication Act

Making it easier to pay for over-the-counter medicines.

A recent bipartisan proposal is designed to amend federal law to include certain over-the-counter (OTC) medical products as qualified medical expenses.

This would permit individuals to use their HSA and FSA funds to purchase OTC medications and menstrual-care products—meaning millions of Americans could more easily access and afford products that support their health and well-being.

If passed, the Restoring Access to Medication Act will provide relief for families who struggle to pay the rising costs of deductibles and out-of-pocket expenses.



We want you to be able to use your savings accounts to purchase the items you need to stay healthy—for less money. It's that simple.

WageWorks knows consumer-directed benefits.

We know how to shape legislation.

We know what it takes to make sure everyone benefits.

All you have to know is our number.

888-599-8525



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